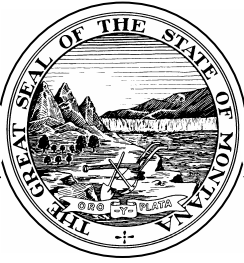


DEPARTMENT OF ADMINISTRATION  
DIVISION OF BANKING AND FINANCIAL INSTITUTIONS



BRIAN SCHWEITZER  
GOVERNOR

ANNIE M. GOODWIN  
COMMISSIONER

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## STATE OF MONTANA

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### **NEWS RELEASE**

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**FOR IMMEDIATE RELEASE**

**June 12, 2007**

### **New Law Requires Licensing of Mortgage Lenders - House Bill 69 requires licensure on October 1, 2008 -**

HELENA, MONTANA – The Montana Division of Banking and Financial Institutions has announced that a new law passed during the 2007 Regular Legislative Session will require the licensing and regulation of residential mortgage lenders.

This new licensing requirement was created by the Montana Residential Mortgage Lender Licensing Act (Act), which was signed into law by Governor Brian Schweitzer on May 3, 2007 as part of House Bill 69 (HB 69). The Act requires persons engaged in the business of making Montana residential mortgage loans to be licensed as of October 1, 2008.

"The purchase of a home is the single largest and most complex financial transaction that most Montanans will face during their lives," said Annie M. Goodwin, Commissioner of the Montana Division of Banking and Financial Institutions. "This new licensing law will afford greater protection to Montana consumers who may seek financing through a mortgage lender regulated under this Act."

The Act requires the licensing of business entities as well as any branch offices that will be engaged in making Montana residential mortgage loans. Licensing fees for the business entity will be \$750.00 and each subsequent branch location will be \$250.00. Licenses will be renewed annually and will expire on September 30.

Mortgage lender license applicants will be subject to a background check, which includes a review of criminal records to ensure that the applicant has the experience, character and general fitness to be licensed. Persons convicted of a crime within the past ten years or that have been held liable in a civil action by final or administrative judgment within the past seven years shall not serve as an officer, director, partner, or shareholder controlling 10% or more of the mortgage lender without written approval from the department. The offenses involve robbery, burglary, theft, embezzlement and similar financial crimes.

Licensees will be required to have their books and accounts audited by an independent certified public accountant within 180 days of their fiscal year-end. This audit report must be filed with the Division. All books, accounts, records and documents must be maintained by a licensee for a period of five (5) years from the date of the last entry. In addition, licensees must continuously maintain a surety bond. The amount of this surety bond will be established by administrative rule.

The Act provides the Division authority to perform on-site examinations, which would include a review of a lender's books, records and loan files. This law affords the Division the ability to investigate consumer complaints and violations of the Act. It also allows the Division to issue cease and desist orders, to issue subpoenas, to suspend or revoke licenses and to impose civil penalties not to exceed \$10,000.00 for violations of the Act.

Financial institutions defined within the Act as state, national or federal banks, savings banks, saving and loan associations, credit unions and trust companies are exempt from the provisions of the Act. This exemption also applies to operating subsidiaries of these financial institutions. Further exemptions are also outlined in Section 8 of the Act.

Application forms and administrative rule notices will be posted on the Division's mortgage lender webpage as they become available at <http://banking.mt.gov/mortgagelender.asp>. For more information and questions about this new licensing requirement please contact the Division at (406) 841-2920. A link to the most recent version of HB 69 can be found online at <http://banking.mt.gov/recentlegislation.asp>.

*The Division of Banking and Financial Institutions (Division) is the regulator for all Montana state chartered banks, state-chartered credit unions and non-depository financial institutions, which include residential mortgage lenders, consumer loan and sales finance companies, mortgage brokers and loan originators, title lenders, deferred deposit lenders, escrow businesses and business and industrial development corporations. It is the mission of the Division of Banking and Financial Institutions to protect Montanans by regulating state-chartered and licensed financial institutions under its supervision. For more information please contact the Division at (406) 841-2920 or visit <http://banking.mt.gov>.*